

SECRET

NPIC/TDS/D-1084-67
19 October 1967

MEMORANDUM FOR: Assistant for Planning and Management, NPIC

SUBJECT : Overrun Request on [REDACTED]

REFERENCE : Your Memorandum Regarding the Same Subject Dated 18 October 67

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1. Your memorandum expressed confusion regarding the overrun amount requested for the subject contract. The requested amount of [REDACTED] is correct and the reason it does not conform with the amount requested by the Contractor is as follows: the original contract allocates an allowed expenditure of [REDACTED] exclusive of fee. This is a CPAP contract and the fee varies dependent on our evaluation of the Contractor's performance. For funding purposes the Contract Negotiator [REDACTED] allowed a 6% (the minimum) target fee [REDACTED] therefore, the total allocated amount for this contract is [REDACTED] vice the [REDACTED] shown in the attachment from the Contractor. As explained in NPIC/TDS/D-1071-67 memorandum dated 13 October 1967, the requested funds cover originally unanticipated technical difficulties and increases in approved overhead rates, thereby increasing the total costs from [REDACTED] a difference of [REDACTED]. The Contractor has requested a fee for these additional costs. However, because this is an overrun, a fee for these costs will not be allowed by the Contracting Officer; therefore, there is no reason to appropriate more funds than actually required to cover the costs.

2. The Contractor's figures differ from ours because he includes fee on the overrun and because he has calculated the total contract cost on an 8.5% basis vice our 6% target. Actual fee will not be determined until the end of the contract.

[REDACTED]
Colonel, USAF

Assistant for Technical Development, NPIC

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